

## SUBCOMMITTEE NO. 4

## Agenda

Senator Mark DeSaulnier, Chair  
Senator Tom Harman  
Senator Gloria Negrete McLeod  
Senator Roderick Wright



Thursday, March 19, 2009  
9:30 a.m. (or upon adjournment)  
Room 112

Consultant: Brian Brown

### Item Number and Title

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### ***Discussion Items***

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## **Informational Overview:**

### **California Department of Corrections and Rehabilitation**

Effective July 1, 2005, the California Department of Corrections and Rehabilitation (CDCR) was created pursuant to the Governor's Reorganization Plan 1 of 2005 and Chapter 10, Statutes of 2005 (SB 737, Romero). All departments that previously reported to the Youth and Adult Correctional Agency (YACA) were consolidated into CDCR and include YACA, the California Department of Corrections, Youth Authority, Board of Corrections, Board of Prison Terms, and the Commission on Correctional Peace Officers' Standards and Training.

The CDCR is responsible for the incarceration, training, education, and care of adult felons and nonfelon narcotic addicts, as well as juvenile offenders. The CDCR also supervises and treats adult and juvenile parolees, and is responsible for the apprehension and reincarceration of those parolees who commit new offenses or parole violations. The department also sets minimum standards for the operation of local detention facilities and selection and training of law enforcement personnel, as well as provides local assistance in the form of grants to local governments for crime prevention and reduction programs.

The department operates 33 adult prisons, including 12 reception centers, a central medical facility, a treatment center for narcotic addicts under civil commitment, and a substance abuse facility for incarcerated felons. The CDCR also operates six juvenile correctional facilities, including two reception centers. In addition, CDCR manages 13 Community Correctional Facilities, about 50 adult and juvenile conservation camps, the Richard A. McGee Correctional Training Center, and nearly 200 adult and juvenile parole offices, as well as houses inmates in 6 out-of-state correctional facilities.

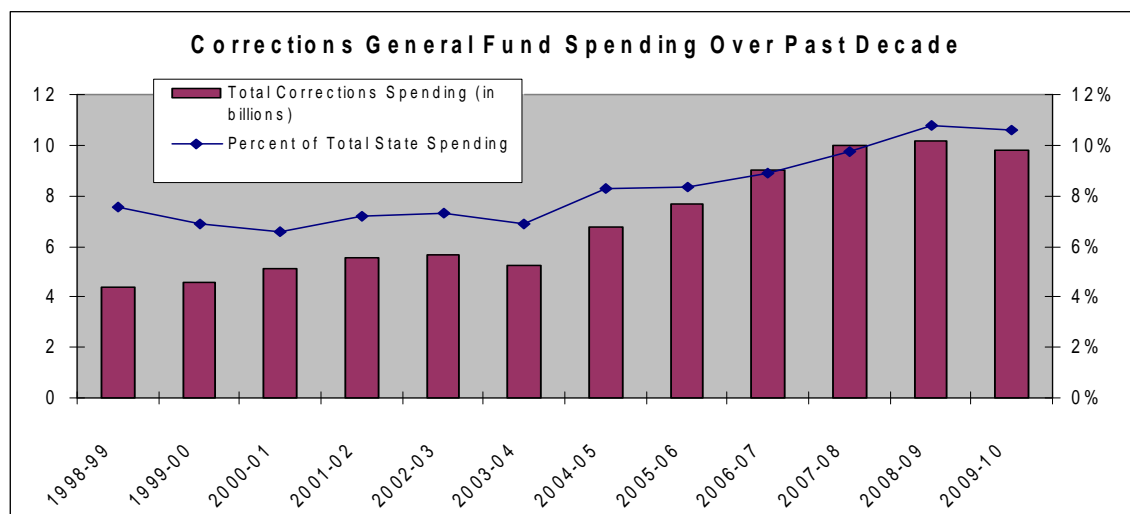
## CDCR Budget

**Background.** The 2009-10 General Fund budget for CDCR is \$9.8 billion, primarily for adult prison operations. This total is a decrease compared to the current year, primarily because of an unallocated 10 percent reduction to the Receiver's medical budget, as well as an unallocated \$400 million veto by the Governor. Overall, General Fund spending on corrections has more than doubled over the past decade, and CDCR's budget now makes up about 11 percent of total state General Fund spending.

### CDCR General Fund Budget

(In millions)

Division	2009-10
<b>Adult Operations</b>	<b>\$8,759</b>
Adult prison operations	5,404
Adult health care	2,262
Adult parole	881
Adult programs	612
Unallocated reduction	-400
<b>Juvenile Operations</b>	<b>\$433</b>
Juvenile facility operations	255
Juvenile health care	83
Juvenile programs	62
Juvenile parole	34
<b>Other Operations</b>	<b>\$592</b>
Administration	396
Board of Parole Hearings	126
Capital outlay	40
Community partnerships	17
Corrections Standards Authority	13
<b>Totals</b>	<b>\$9,784</b>



## California's Annual Costs to Incarcerate an Inmate in Prison

2008-09

Type of Expenditure	Per Inmate Costs
Security	\$19,663
<b>Inmate Health Care</b>	<b>\$12,442</b>
Medical care	\$8,768
Psychiatric services	1,928
Pharmaceuticals	998
Dental care	748
<b>Operations</b>	<b>\$7,214</b>
Facility operations (maintenance, utilities, etc.)	\$4,503
Classification services	1,773
Maintenance of inmate records	660
Reception, testing, assignment	261
Transportation	18
<b>Administration</b>	<b>\$3,493</b>
<b>Inmate Support</b>	<b>\$2,562</b>
Food	\$1,475
Inmate activities	439
Inmate employment and canteen	407
Clothing	171
Religious activities	70
<b>Rehabilitation Programs</b>	<b>\$1,612</b>
Academic education	\$944
Vocational training	354
Substance abuse programs	313
<b>Miscellaneous</b>	<b>\$116</b>
<b>Total</b>	<b>\$47,102</b>

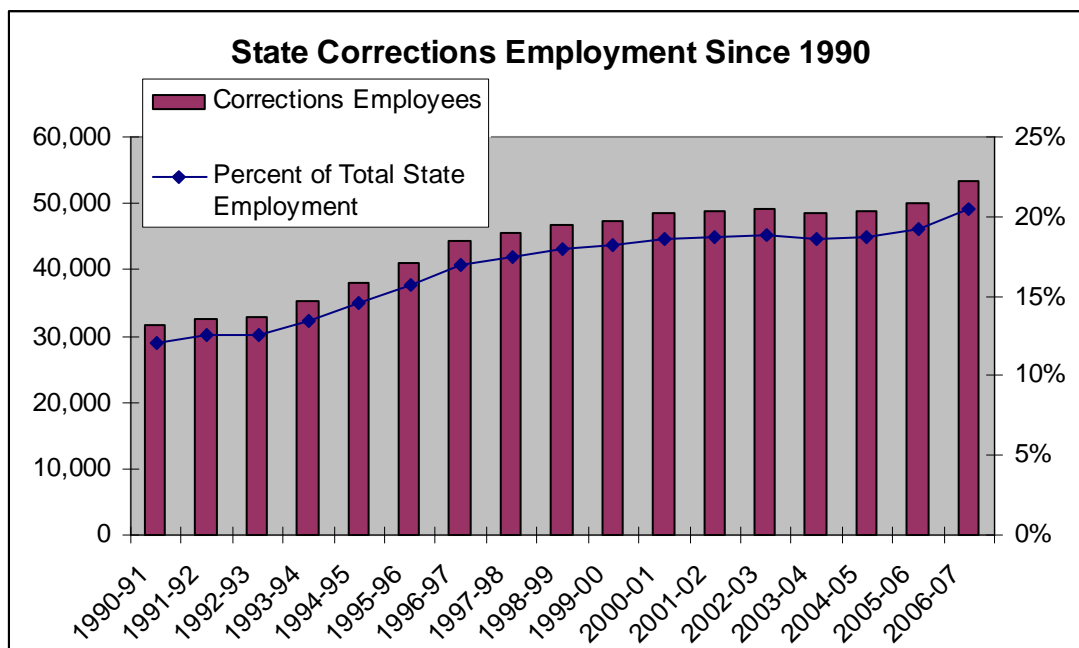
Source: Legislative Analyst's Office, [www.lao.ca.gov](http://www.lao.ca.gov)

### Potential Questions for CDCR and LAO.

- What factors have driven CDCR cost increases the most?
- How is CDCR's budget projected to grow in coming years?
- How do per inmate costs in California compare to other states?
- What is the status of the administration's plan to achieve \$400 million in savings in the budget year?

## CDCR Staffing

**Background.** The CDCR has more than 50,000 employees, about half of whom are correctional officers who provide security in the state prisons. The department also employs parole agents, health care personnel, teachers, administrative employees, as well as other classifications. Total employment in CDCR has increased significantly since 1990 at which time the department employed about 30,000 staff. Historically, the department has had high vacancy rates in several employee classifications. For a number of years, the correctional officer classification experienced vacancy rates exceeding 10 percent, a significant level given the total number of positions, as well as the fact that correctional officer posts must generally be filled at all times. Expansion of the correctional officer academy in Galt, as well as the department's efforts to boost recruitment, have significantly reduced the vacancy rate for correctional officers.



Other classifications, however, continue to have comparatively high vacancy rates. Notably, several health care classifications have vacancy rates exceeding 20 percent, a problem which limits the ability of the department to meet court-ordered levels of care in the prisons. Also, vacancy rates for teachers and vocational instructors in the prisons are nearly 20 percent, a level that makes it difficult for the department to fulfill its mission of rehabilitation.

**Selected Positions and Vacancy Rates**

*(As of June 30, 2008)*

<b>Classification</b>	<b>Authorized Positions</b>	<b>Vacancy Rate</b>
Correctional Officer	24,980	5%
Correctional Sergeant	3,078	13%
Correctional Lieutenant	1,195	16%
Parole Agent	2,828	13%
Physician	348	25%
Registered Nurse	2,181	10%
Licensed Vocational Nurse	1,113	23%
Psychiatrist	363	37%
Psychologist	1,134	21%
Dentist	406	8%
Teacher	1,218	18%
Vocational Instructor	534	18%
Youth Correctional Officer	580	11%
Youth Correctional Counselor	1,010	9%

**Potential Questions for CDCR and LAO.**

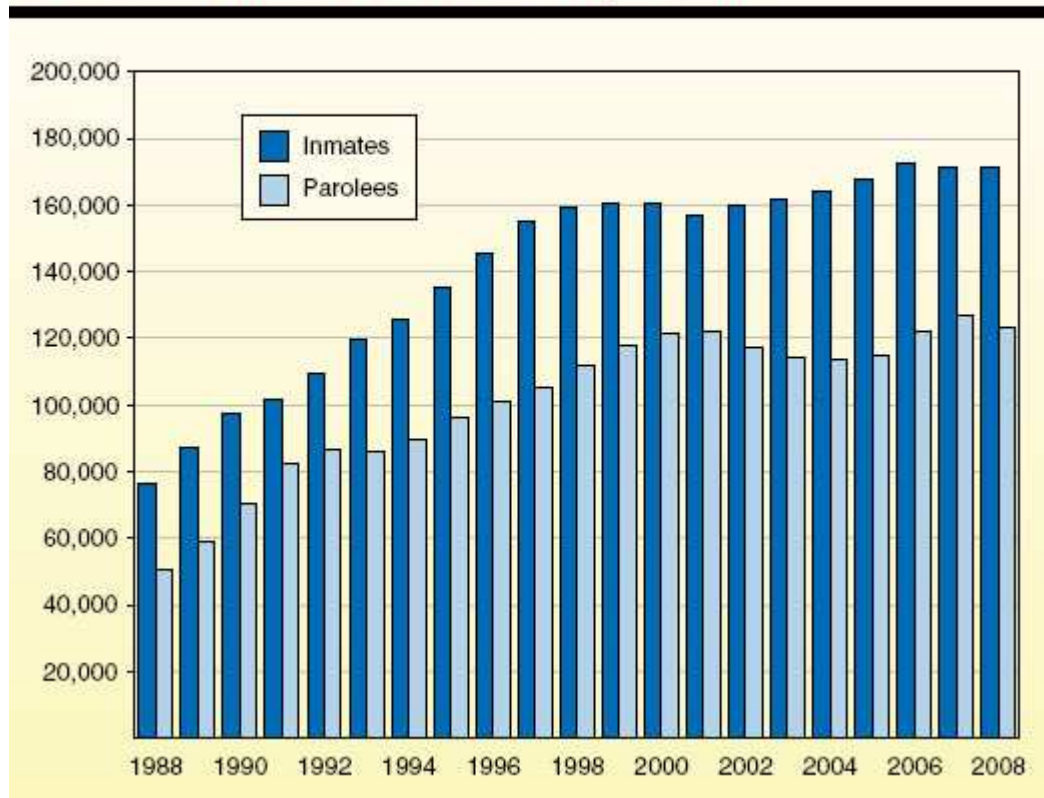
- What factors have driven CDCR staffing increases the most?
- What steps will CDCR take to reduce vacancy rates in key areas of operations, such as security, health care, and rehabilitative programs?

## Adult Prison and Parole Populations

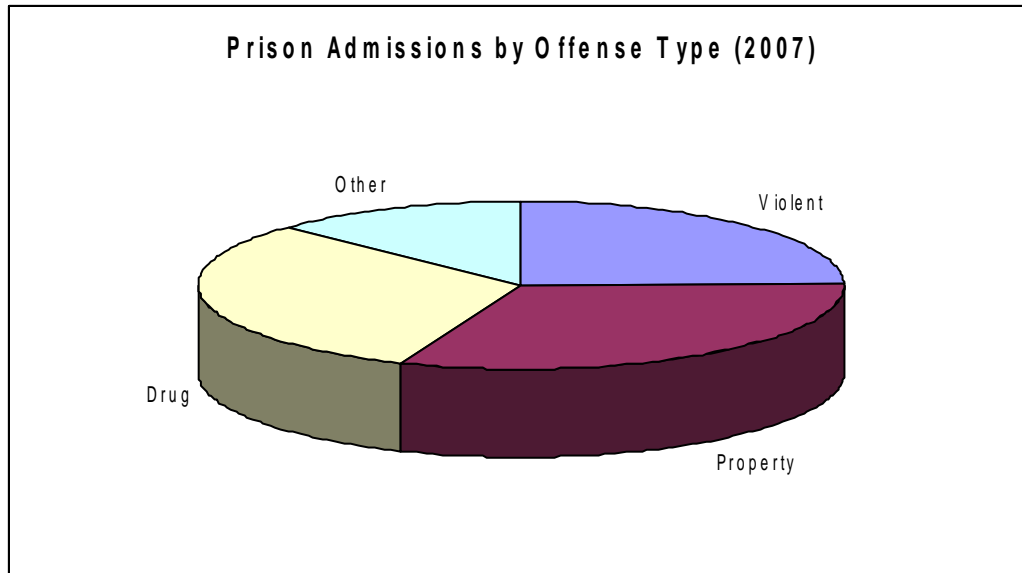
**Background.** The CDCR currently has about 170,000 inmates and 124,000 parolees under its jurisdiction. These populations have more than doubled over the past twenty years. Most inmates are sentenced to state prison for nonviolent crimes, particularly property or drug offenses. However, because inmates with violent offenses generally serve longer terms than nonviolent offenders, inmates convicted of violent crimes make up more than half of the total inmate population.

Figure 2

### Growth in Inmate and Parole Population



Source: 2009-10 Budget Analysis Series: Judicial and Criminal Justice,  
Legislative Analyst's Office



Inmates sent to state prison are first sent to reception centers for evaluation and assessment. Most inmates are then sent to live in the “general population” based on a classification of their risk to escape or be violent while incarcerated. The CDCR assigns inmates a classification ranging from Level I (low security) to Level IV (maximum security). Inmates who commit rules violations in prison – such as assaults, possession of contraband, or participation in gang activity – are housed in administrative segregation (ASU) or Security Housing Units (SHU). About 10,000 inmates are housed in contracted facilities located in California or other states. Due to a lack of traditional housing space available, the department currently houses roughly 15,000 inmates in gyms and dayrooms.

#### **Adult Inmate Population by Security Level**

(2007-08)

Security Level	Number
<b>Males</b>	<b>160,048</b>
I	18,179
II	35,005
III	36,266
IV	21,111
Reception center	25,225
ASU	7,322
SHU	3,012
Death row	635
Contracted	10,256
Other	3,037
<b>Females</b>	<b>11,170</b>
<b>Total Inmates</b>	<b>171,218</b>

ASU: Administrative Segregation Unit

SHU: Security Housing Unit

Other: Civil Addicts, immigration holds, hospital



The largest share of parolees are supervised by parole agents on standard caseloads (referred to as control services supervision level). However, a large number of parolees are on specialized caseloads. These include sex offenders (and some gang members) on GPS caseloads, parolees at risk of becoming third strikers, and mentally ill offenders.

**Adult Parole Population**

*(2007-08)*

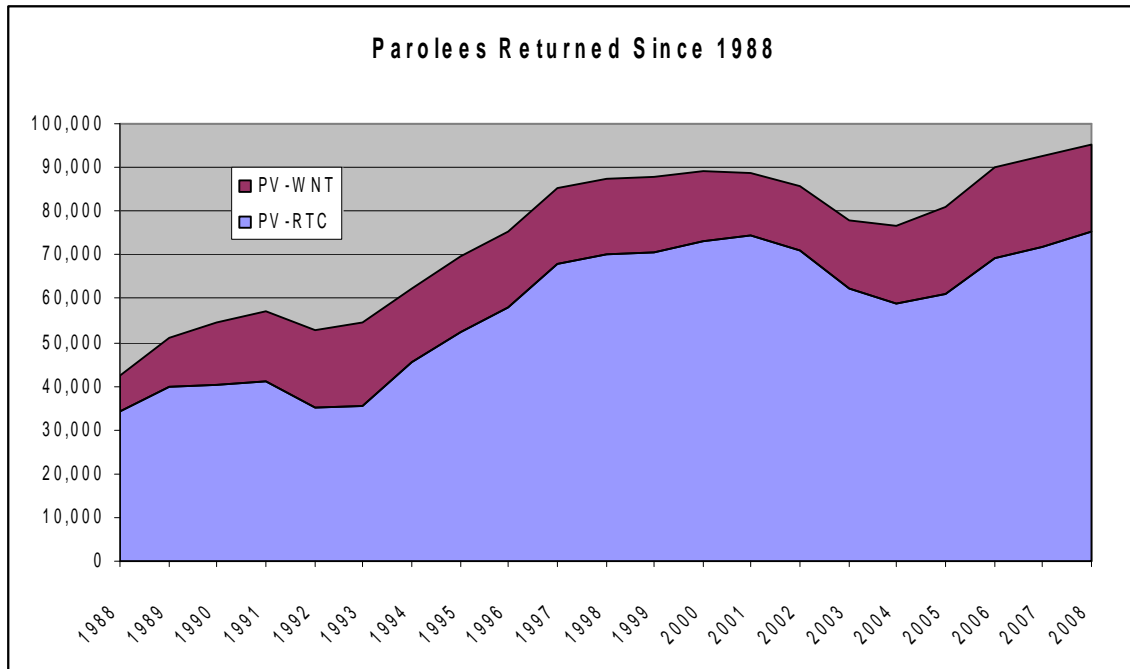
<b>Caseload Type</b>	<b>Number</b>
Minimum supervision	29,824
Control services	53,730
High control	15,548
Active GPS	2,539
Passive GPS	3,819
Second striker	9,415
Mental health	1,563
Deported (and pending)	15,992
<b>Total</b>	<b>132,430</b>

**Potential Questions for CDCR and LAO.**

- What factors have driven CDCR population increases the most?
- How much are the department's inmate and parolee caseloads projected to increase in coming years? How will this growth affect overcrowding levels?
- How does overcrowding affect the ability of wardens to manage prison operations, including ensuring staff safety and the fulfillment of the department's rehabilitation mission?
- What is the status of the department's Master Plan for housing and construction which was required to be presented to the Legislature in January?

## Recidivism and Rehabilitation

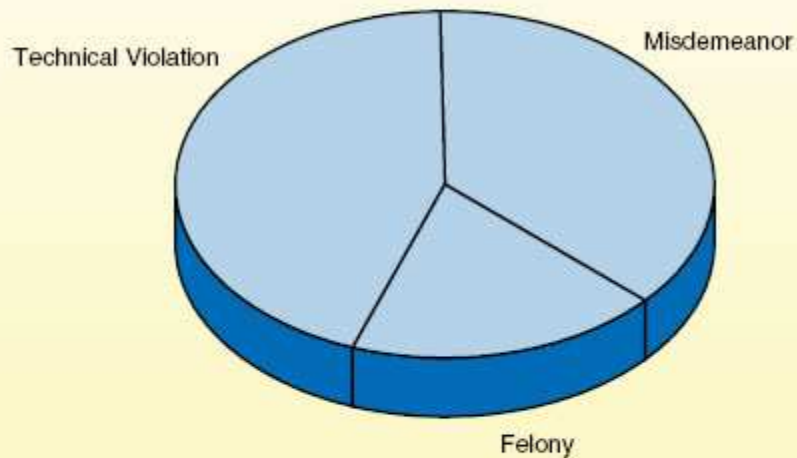
**Background.** In 2008, there were about 95,000 parolee returns to prison. (This includes some parolees who may have been returned multiple times in the same year.) Most of these parolees were returned via the state's administrative revocation process, administered by the Board of Parole Hearings (BPH), while about 20,000 of these parolees were returned by the trial courts based on convictions for new felony offenses.



Of the offenders returned to prison by BPH, most are returned for non-felony offenses, either for technical violations that involve a violation of their conditions of parole or for misdemeanor crimes. Parolees returned by BPH can serve up to a year in prison for their violation, though the average length of stay is about 4 months. The department is currently implementing a court settlement in the case of *Valdivia v Schwarzenegger* which requires the state to ensure timely revocation hearings, that parolees have attorney representation during hearings, and that community-based alternatives to reincarceration be available.

Figure 9

### Most Parole Violators Returned by CDCR for Technical Violations and Misdemeanors



Source: 2009-10 Budget Analysis Series: Judicial and Criminal Justice, Legislative Analyst's Office

Numerous studies have shown that the recidivism rate in California is among the worst in the nation. About two-thirds of all prison admissions in California are parole violators while the other third are sent to prison as new admissions from the criminal courts. This contrasts the pattern nationally where in all other states more than two-thirds of prison admissions are new convicts sent by the courts, and less than one-third are parole violators. No single factor explains California's high recidivism rate. However, researchers and analysts point to several key factors.

- **Mandatory Parole.** In California, all inmates go onto parole when first released from state prison, generally for a period of three years. This means that all offenders leaving prison are subject to community supervision and subject to revocation. By comparison, many other states release some inmates, typically lower-level offenders, from prison without parole supervision. Most other states either have an indeterminate sentencing system, where a parole board has the discretion to determine release from prison based on the inmate's readiness for release, or they reserve parole only for their most serious offenders.
- **Historical Culture Focused on Punishment.** Numerous researchers have pointed out that CDCR has been for a number of years an organization focused on incarcerating inmates. This has meant that other areas of operations – such

as rehabilitation programming and mental health treatment – were lower priorities and given fewer resources. In recent years, the Legislature and administration have made efforts to bolster these previously neglected areas of operations.

- ***Lack of Effective Rehabilitation Programs.*** The department lacks sufficient capacity in its education, substance abuse, employment readiness, and other programs designed to reduce recidivism to meet the needs of the inmate population. For example, while three-quarters of California inmates are unable to read at a high school level, less than 10 percent are enrolled in an academic education program. In addition, there have been concerns raised with how well the department delivers the programs that do exist. For example, the Office of the Inspector General released a 2007 report that identified numerous problems with how the department managed its in-prison substance abuse programs, resulting in the programs being delivered in ways inconsistent with the treatment model upon which they were based. Another study found that half of all inmates exit California prisons without participating in *any* rehabilitation program or work assignment during their *entire* prison sentence.
- ***Few Community-Based Alternatives.*** California does not have an extensive set of alternative punishment options that parole agents can use to sanction parole violators in the community. Many other states have developed alternative sanctions such as day fines, community service, day reporting centers, more intensive supervision and drug testing regimens, and electronic monitoring. Specifically, a system of graduated sanctions – where the severity of the sanction is matched to the severity of the violation and the offenders violation history – can ensure that parole agents have the tools necessary to respond quickly and appropriately to even minor violations, while ensuring that revocation to prison is reserved for only the most serious and repeat offenders.

#### **Rehabilitation Program Participation**

(2007-08)

<b><u>In-Prison Education</u></b>	<b><u>Enrollment</u></b>	<b><u>Average Daily Attendance</u></b>
Academic	14,347	7,497
Vocational	9,132	4,661
<b><u>Substance Abuse Treatment</u></b>	<b><u>Program Slots</u></b>	<b><u>Percent Completed</u></b>
In-prison	9,869	65%
Parole	4,642	54%
FOTEP	409	42%
<b><u>Parole Employment Programs</u></b>	<b><u>Program Slots</u></b>	<b><u>Parolees Served</u></b>
Offender Employment Continuum	2,100	1,212
Employment Development Department	2,520	3,423
Parolee Employment Program	2,100	2,810

Computerized Literacy Learning Centers	--	3,303
<b><u>Parole Residential Programs</u></b>	<b><u>Program Slots</u></b>	<b><u>Parolees Served</u></b>
RMSC	729	3,454
Parolee Service Centers	845	5,291
Community Based Coalition	360	1,400

In recent years, both the Legislature and the current administration have recognized that reducing recidivism carries the promises of significant improvements to public safety through reduced victimizations, reduced taxpayer costs for prison operations and construction, and better prison operations and safety because of reduced overcrowding. Based on this recognition, the Legislature has provided significant additional funding for rehabilitation programs and related efforts. This includes about \$90 million annually for various programs, as well another \$50 million appropriation provided as part of AB 900 (Solorio). The Legislature has also provided additional funding to expand the capacity of mental health, substance abuse, and employment programs for parolees.

Utilizing resources provided by the Legislature, the administration has made significant efforts to design and implement a validated risk and needs assessment that can be administered upon intake as well as periodically in prison and prior to release to parole. The CDCR has begun, on a pilot basis, to use the risk and needs assessments to develop individualized case plans to assign inmates to the most appropriate programs (referred to as the "Proof Project"). The department also developed the Parole Violations Decision Making Instrument (PVDMI), a tool designed to ensure more consistent and appropriate decisions by parole agents responding to parole violations.

#### **Potential Questions for CDCR and LAO.**

- What progress has the department made in implementing change required under the *Valdivia* settlement? How long will it be before the department is able to fully comply with those requirements?
- What progress has the department made in addressing the concerns raised by the OIG and other organizations regarding the provision of in-prison programming? What efforts has the department made to ensure that substance abuse and other evidence-based programs are delivered in ways consistent with the models upon which they are based?
- What is the status of efforts to implement risk assessments, expand in-prison and parole programs, and develop the PVDMI?
- What processes or systems does the department have in place to measure ongoing improvements in the performance of programs? Has the department set specific outcome goals for each of its programs?

## Inmate Health Care

**Background.** The state budget includes over \$2 billion for the provision of health care services to state inmates. This comes to approximately \$13,000 per inmate.

### 2009-10 Inmate Health Care Budget

*(General Fund, in millions)*

Program	Budget
Medical	\$1,208
Mental Health	357
Dental	181
Ancillary Services	196
Security	262
Administration	61
<b>Total</b>	<b>\$2,264</b>

All three areas of inmate health care – medical, mental, and dental health – are under some level of federal court intervention. In each of these areas, CDCR was found to be providing insufficient levels of health care services with the deficiencies significant enough that the department's failures violated the Constitution's prohibition on cruel and unusual punishment. The most significant intervention is in the case of *Plata v Schwarzenegger* where the federal courts have appointed a Receiver to manage the day to day operations of the prison medical system. In the cases of *Coleman v Schwarzenegger* and *Perez v Schwarzenegger*, Special Masters have been appointed to oversee the department's provision of mental health and dental programs, respectively. In each of these cases, the department and inmate attorneys have developed plans to improve the quality of care in the prisons, usually through a combination of increased staffing levels, quality improvements, and construction or renovation of in-prison health facilities.

### Mentally Ill Offender Population in Prison

Caseload	2005-06	2006-07	2007-08
CCCMS	26,612	27,080	28,249
EOP	3,883	4,115	4,413
<b>Totals</b>	<b>30,495</b>	<b>31,195</b>	<b>32,662</b>

CCCMS: Correctional Clinical Case Management System

EOP: Enhanced Outpatient Program

### **Potential Questions for CDCR and LAO.**

- What progress has the department made in implementing the remedial plans for *Coleman* and *Perez*? What are the next steps to be taken in improving the provision of mental and dental health care in the prisons?
- What factors have driven the increase in inmate health care costs the most? To what extent have costs for security, pharmaceuticals, and contracted staff increased, for example?
- Has the Receiver's office given any indication as to how it will implement the 10 percent reduction to its budget as proposed by the Governor and included in the 2009-10 budget?

## Lifer Hearings

**Background.** There are over 31,000 inmates in California serving life terms with the possibility of parole (including third strikers), twice the number from ten years ago. Under current state law, these offenders are eligible to be considered for parole at hearings after serving their minimum sentence, and periodically thereafter. A panel of BPH commissioners and deputy commissioners conduct these parole suitability hearings. In 2004, a federal court found that the department was violating the rights of inmates by not holding these hearings in a timely manner. Under the settlement agreement in the *Rutherford v Schwarzenegger* case, the CDCR is required to reduce the backlog of unheard parole suitability hearings. Departmental efforts to reduce the backlog involve developing a centralized scheduling and tracking system, hiring additional staff to complete psychological evaluations in a timely fashion, and hiring additional staff to ensure that reports for the commissioners and attorneys are prepared in advance of the hearings. As of September 2008, the backlog of lifer suitability hearings was about 950 cases. This was a decrease from the beginning of the calendar year when it was at 1,300 cases.

**Number of Parole Hearings for Lifer Inmates**

	2006	2007	2008*
Hearings scheduled	6,954	5,520	6,756
Hearings held	4,657	3,868	3,185
Hearings postponed	2,235	1,605	2,588

\* Through November 2008

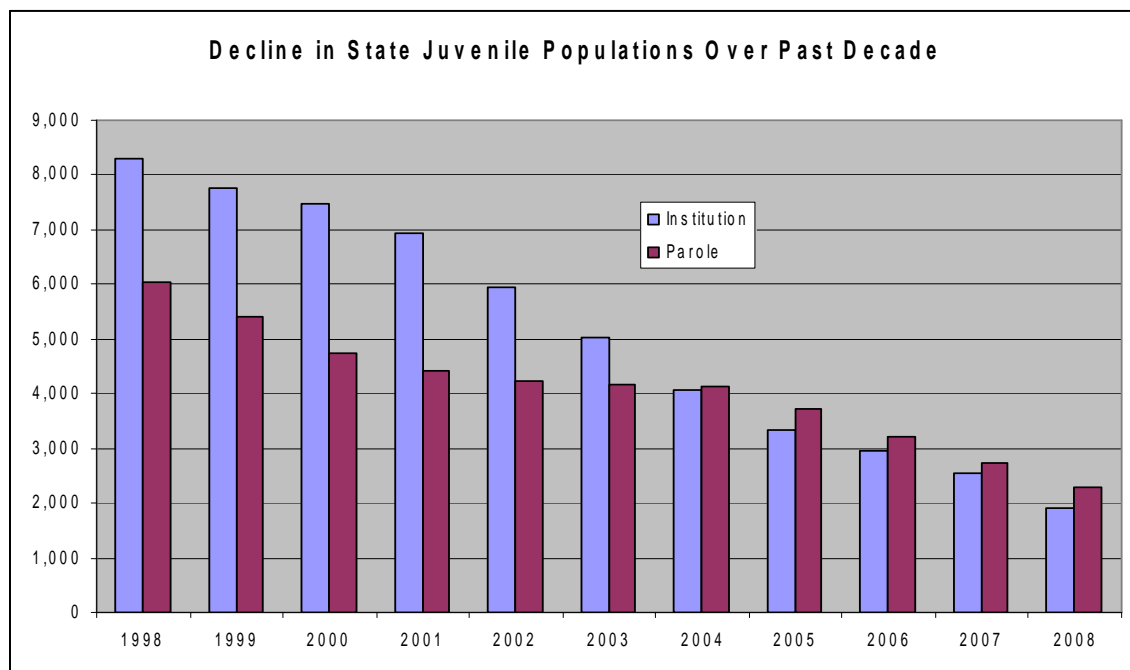
Proposition 9, passed by voters in November 2008, required significant changes to the state's lifer consideration hearings process. In particular, the initiative entitled lifer inmates to less frequent parole consideration hearings. In addition, the initiative expands the rights of victims to participate in lifer hearings.

### Potential Questions for CDCR and LAO.

- What is the status of the department's efforts to comply with the settlement agreement in the *Rutherford* case? What additional steps still need to be taken to come into full compliance?
- How will the enactment of Proposition 9 affect the backlog of lifer consideration hearings?
- What factors have driven the significant increase in the lifer population?

## Division of Juvenile Facilities

**Background.** The CDCR is also responsible for supervising juvenile offenders sent to state facilities. Under recently enacted Chapter 175, Statutes of 2007 (SB 81, Committee on Budget and Fiscal Review), only the most serious and violent juvenile offenders may be sent to state facilities. The more restrictive eligibility requirements under SB 81 are designed to ensure that more juvenile offenders are supervised and treated in their home communities. Consequently, SB 81 is projected to contribute to a continued decline in CDCR's juvenile population which has dropped dramatically over the past decade. Prior to SB 81, the decline in the state's incarcerated juvenile population was attributed to several factors, including declining juvenile crime rates, increased state investment in the county juvenile probation system, and a sliding scale payment system that required counties to pay a greater share of the state costs, particularly for lower level juvenile offenders.



In 2004, the state entered into a consent decree in the case of *Farrell v Schwarzenegger* that required CDCR to remedy a broad range of deficiencies in its juvenile corrections system as identified by a number of experts appointed by the federal court. As a result, the department agreed to reform the state's juvenile justice system and implement a rehabilitative model based on a therapeutic environment. The CDCR developed reform plans in the areas of Education, Wards with Disabilities, Mental Health, Health Care Services, Sex Behavior Treatment, and Safety and Welfare, all areas the experts had found to be significantly deficient. The department is implementing a recent lawsuit settlement in the case of *LH v Schwarzenegger*. This case is similar to the *Valdivia* case for adult parolees and requires that juvenile parolees receive timely parole revocation hearings and be represented by counsel during those hearings.



**Wards in Rehabilitation Programs**

Program	2005-06	2006-07	2007-08
Education (ADA)	1,816	1,475	1,213
Substance abuse treatment	280	281	158
Sexual behavior treatment	198	198	214

**Potential Questions for CDCR and LAO.**

- To date, how has the enactment of SB 81 affected the make up of the department's DJF population?
- What progress has the department made in implementing the *Farrell* remedial plans? What are the additional steps necessary to meet the requirements of those plans?
- What progress has the department made in implementing *LH*? What additional steps are still necessary to address the courts concerns in this case?
- How much has it cost the state to implement the *Farrell* and *LH* reforms?
- How has the enactment of SB 81 affected the department's ability to implement *Farrell* reforms?
- How have (1) the projected declines in the ward population and (2) the increased requirements under *Farrell* affected the department's juvenile housing plan? Will the department require more housing and program space, or less in the longer term?

## Discussion Item – Department of Corrections and Rehabilitation (5225)

### Overtime Base Budget Adjustment

**Background.** Most posts to which correctional officers, sergeants, and lieutenants are assigned are “posted” positions that generally must be filled at all times in order to maintain the safety and security of the prison. Therefore, when officers are absent from a shift because of vacation or sick leave, regular days off, a vacancy, or other reasons, the post must be filled by another officer. Prisons have relief officers available to fill in for many of those absences. In many other cases, though other officers are asked or required to work overtime to cover for the absent officer. Officers also work overtime when their work hours extend past the end of their shift which can happen, for example, when transporting inmates to outside medical visits or court proceedings. Officers receive “time and a half” pay when they work overtime.

The department reports a base overtime budget of \$104 million.

**Governor’s Budget Request.** The Governor requests \$35.7 million in the budget year and ongoing from the General Fund in additional overtime funding for correctional staff. This funding is meant to account for the increase in costs for overtime due to the increase in correctional officer salaries provided through employee MOU’s since 2000.

	<b>2008-09</b>
General Fund	\$35,702,000
PY’s	--

**2009-10 Enacted Budget.** Deleted without prejudice.

**LAO Recommends Rejection.** The LAO finds that the administration has not fully justified its proposal. In particular, the department did not attempt to estimate its actual need for overtime funding based on relevant factors such as vacancy rates, utilization of sick leave and vacation, and frequency of operational activities that drive overtime costs. The LAO reports that CDCR actually spent \$656 million on overtime in 2007-08, exceeding its budgeted authority by hundreds of millions of dollars. Yet the department has not identified which factors have driven costs to these levels, nor has the department provided a plan for how it will contain these costs in the future. Finally, the LAO finds that CDCR has not actually provided a true accounting of its base funding for overtime. The Legislature has approved various augmentations to the department’s overtime budget in recent years — totaling about \$49 million — to account for costs associated with medical transportation of inmates and the use of administrative segregation housing. In addition, the *2004-05 Budget Act* included an additional \$100 million to provide the department with hundreds of additional relief officers.

Based on these findings, the LAO recommends rejection of the proposal due to insufficient justification and lack of a cost control plan. The LAO also recommends adoption of supplemental report language requiring CDCR to report on (1) the extent to

which different factors drive overtime costs, (2) an estimate of the department's actual need for overtime funding, and (3) a plan for how it will control overtime expenditures in the future.

**Staff Comments.** The LAO raises reasonable concerns about the lack of justification for this request. Of particular concern is that the department has been unable to fully attribute dramatic increase in overtime spending – which more than doubled over the past five years – to specific causes. Consequently, the department has been unable to identify a plan to contain these costs in the future. While the department may in fact have a significant deficiency in this item of expense, it does not appear that the department has provided sufficient information to justify an augmentation, particularly in light of the state's ongoing fiscal condition.

Therefore, the committee may want to ask the department to address the following issues:

- Why CDCR overtime costs doubled in past five years despite Legislative investments in additional relief positions and expansion of the correctional officer training academy, both designed to reduce reliance on overtime;
- The degree to which various individual factors have caused the increase in overtime spending over the past several years;
- Development of an estimate of what a reasonable level of overtime funding should be in light of actual leave usage patterns, the availability of relief officers, and other relevant factors such as the frequency of medical transports;
- When the department will be able to provide the Legislature a plan on how it will contain overtime costs on a permanent basis.

## Inmate Population Budgeting Issues

**Background.** The Governor's 2009–10 budget proposal was based on CDCR's fall 2008 caseload projections. These projections, which reflect revisions to previous projections issued by the department, are summarized in the figure below. (These are "baseline" projections and do not account for population changes proposed by the Governor to significantly reduce the inmate and parole populations.)

### Adult and Juvenile Caseload Projections

	2008-09			2009-10	
	Budgeted Population <sup>a</sup>	Fall 2008 Projection <sup>a</sup>	Change From 2008-09 Budget	Fall 2008 Projection <sup>a</sup>	Change From 2008-09 Budget
Adult inmates	169,704	170,421	717	170,020	316
Adult parolees	121,576	120,661	-915	117,603	-3,973
Juvenile wards	1,756 <sup>b</sup>	1,717	-39	1,551	-205
Juvenile parolees	1,979	2,096	117	1,744	-235

Source: 2009-10 Budget Analysis Series: Judicial and Criminal Justice, Legislative Analyst's Office

**Governor's Budget Request.** The Governor's budget includes a net increase of \$27 million in the current year and a net budget-year reduction of \$9 million (all funds), largely related to the projected changes in the adult and juvenile offender caseloads. The department's caseload-related request also includes funding adjustments related to other housing and supervision related activities, such as the use of contracted facilities. The figure below summarizes the funding adjustments included in the Governor's budget for caseload-related changes.

### Summary of CDCR Population Budget Request Changes

(In Millions)

	2008-09	2009-10
<b>Adult Offenders</b>		
State institutions	\$66.0	\$21.3
Board of Parole Hearings	0.8	6.7
Parole services	0.8	0.4
Inmate health care	0.2	12.2
Local assistance	—	15.2
Parole supervision	-18.3	-29.1
Contracted facilities	-25.2	-9.5
Subtotals	(\$24.2)	(\$17.1)
<b>Juvenile Offenders</b>		
DJJ facilities	\$1.8	-\$26.8
DJJ parole	1.1	0.6
Subtotals	(\$2.8)	(-\$26.1)
<b>Totals</b>	<b>\$27.0</b>	<b>-\$9.0</b>

*Detail may not total due to rounding.*

*Source: 2009-10 Budget Analysis Series: Judicial and Criminal Justice, Legislative Analyst's Office*

**2009-10 Enacted Budget.** Approved as proposed, but likely to be modified during May Revision.

**LAO Findings.** The LAO finds that (1) actual population is trending higher than assumed in the budget, (2) aspects of the caseload request may be overstated, and (3) CDCR made little progress developing its new budgeting process. The LAO recommends that the Legislature withhold action on CDCR's caseload request until the May Revision. It will continue to monitor the department's caseload and recommend any changes, if necessary, following review of the May Revision.

- **Actual Adult Populations Trending Higher Than Projected.** Over the first six months of the current fiscal year, the adult inmate population has averaged about 700 inmates higher than the current projections. The adult parole population has averaged about 300 parolees higher than projected over the same period. If

these trends hold for the remainder of the fiscal year, it would result in additional annual costs of about \$17 million.

- **Aspects of the Caseload Request May Be Overstated.** Three of the adjustments made in the population budget request appear to be overstated. First, the department requests \$9.4 million in the current and budget years for staff overtime costs at administrative segregation units. However, the LAO finds that the department has not provided sufficient justification for why administrative segregation costs have increased, and the LAO notes that the Office of the Inspector General recently released a report finding that CDCR may be overutilizing administrative segregation at a cost of about \$11 million annually.

Second, CDCR's request appears to overstate the number of adult sex offenders supervised on parole, potentially by more than 1,000 parolees. The LAO estimates that correcting for the actual parolee sex offender caseload could reduce the department's budget in each of the current and budget years by about \$13 million.

Third, CDCR is requesting \$11.5 million and 279 positions in the budget year to accommodate increases in the population of inmates requiring mental health care in order to comply with federal court orders in the *Coleman v. Schwarzenegger*. However, the LAO notes that the department had nearly 1,000 vacancies in its mental health program and that it is unclear if the department could realistically fill these new positions in addition to its 1,000 existing vacancies by June 30, 2010.

- **Department Made Little Progress Developing New Budgeting Process.** In past analyses, the LAO found that the current process CDCR uses to budget for caseload changes is an ineffective approach to identifying the actual budgetary needs of the department, is an inefficient use of department staff time, and fails to provide a transparent budget document for legislative review. Consequently, the Legislature approved provisional language requiring CDCR to develop a new caseload funding methodology for legislative consideration by January 10, 2009. While the department expresses ongoing support for improving its methodology, it did not meet the legislative requirement. Moreover, the department indicates that it will not be able to present a new methodology to the Legislature before the end of the current fiscal year. The LAO recommends that the Legislature require CDCR to report at budget hearings on its efforts to date in developing an improved caseload budgeting process. The LAO further recommends that the Legislature adopt budget bill language requiring CDCR to improve its budgeting process in the budget year.

**Staff Comments.** The committee may wish to ask the department for an update on its caseload and its process for developing a new budgeting process. The committee may also wish to ask the department to address the LAO's concerns regarding possibly overstated aspects of CDCR's caseload request related to (1) administrative segregation, (2) sex offender parole population, and (3) mental health positions.

## Federal Workforce Investment Act (WIA) Funds

**Background.** The CDCR currently operates various employment training and referral programs for adult parolees at a total cost of about \$35 million in the current year. Of this amount, \$9.5 million is funded from federal Workforce Investment Act (WIA) funds. The remainder is funded from the General Fund.

**Governor's Budget Request.** For the budget year, the Governor's budget proposes to reduce the amount of WIA funds for parolee employment programs to \$2.3 million in order to augment selected workplace training programs. These proposed actions result in a General Fund cost of \$7.2 million.

**2009-10 Enacted Budget.** Approved as proposed.

**LAO Recommendation.** Given the state's severe fiscal condition, the LAO recommends that the Legislature restore the \$7.2 million in federal WIA funds to CDCR parolee employment programs in the budget year. This redirection will result in an equal amount of General Fund savings. In its most recent publication, *2009-10 Budget Analysis Series: The Fiscal Outlook Under the February Budget Package*, the LAO notes that additional savings may be possible due to the federal stimulus package.

**Staff Comments.** The LAO's recommendation is consistent with legislative actions taken in prior years made to minimize state General Fund costs. These actions have also ensured ongoing funding for parolee employment programs which have been found in the national literature to be cost-effective programs that can successfully increase offender employment and reduce recidivism.